

Outlook Winter 2008-2009

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Overview

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Introduction

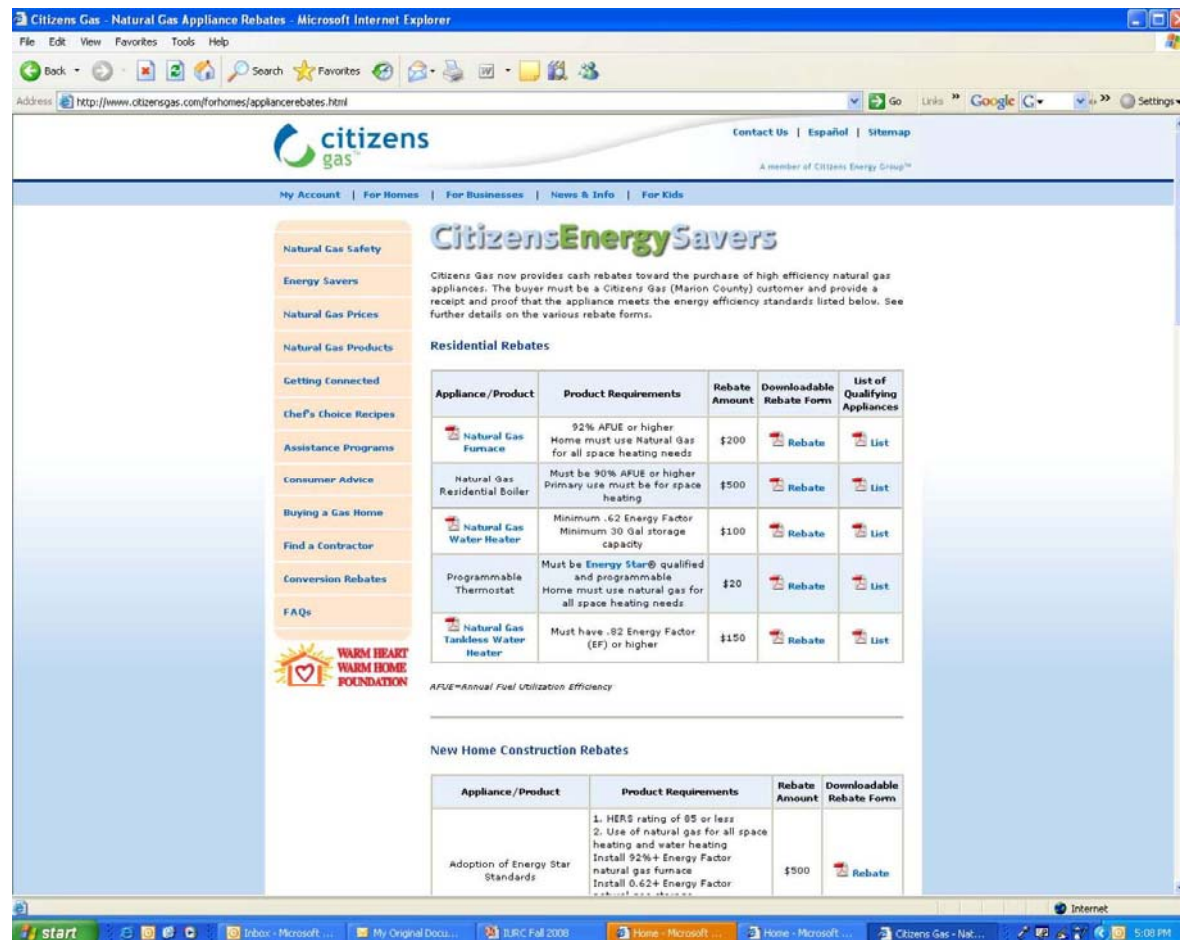
- Higher more volatile prices
- Heating bill projections
- Energy assistance needs
- Increased LIHEAP will help

Keeping Customers Connected

- Minimizing service disruptions
- Flexible payment arrangements
- Manageable deposits
- Outreach to inactive accounts

Managing Energy Costs

- Budget Plan
- Citizens Energy Savers Program
 - Rebate Program
 - Weatherization Program
 - Energy-Saving Tools
 - Think Energy Partnership



The screenshot shows the Citizens Gas website for natural gas appliance rebates. The page is titled "Citizens Gas - Natural Gas Appliance Rebates - Microsoft Internet Explorer". The main heading is "CitizensEnergySavers". Below this, there is a section for "Residential Rebates" with a table listing various appliances and their rebate amounts.

Appliance/Product	Product Requirements	Rebate Amount	Downloadable Rebate Form	List of Qualifying Appliances
Natural Gas Furnace	92% AFUE or higher Home must use Natural Gas for all space heating needs	\$200	Rebate	List
Natural Gas Residential Boiler	Must be 90% AFUE or higher Primary use must be for space heating	\$500	Rebate	List
Natural Gas Water Heater	Minimum .62 Energy Factor Minimum 30 Gal storage capacity	\$100	Rebate	List
Programmable Thermostat	Must be Energy Star® qualified and programmable Home must use natural gas for all space heating needs	\$20	Rebate	List
Natural Gas Tankless Water Heater	Must have .92 Energy Factor (EF) or higher	\$150	Rebate	List

AFUE=Annual Fuel Utilization Efficiency

Below the residential rebates table, there is a section for "New Home Construction Rebates" with a table listing the requirements and rebate amount for adopting Energy Star Standards.

Appliance/Product	Product Requirements	Rebate Amount	Downloadable Rebate Form
Adoption of Energy Star Standards	1. HERS rating of 85 or less 2. Use of natural gas for all space heating and water heating Install 92%+ Energy Factor natural gas furnace Install 0.62+ Energy Factor	\$500	Rebate

Core Messages – Conservation and Safety



When this number
goes down your
savings go up.

At Citizens Gas we know conserving energy not only saves you money, but it also benefits the environment. That's why we offer a variety of tools to help you conserve efficient, clean-burning natural gas in your home. For more energy saving tips visit www.CitizensEnergySavers.com



\$200
 **REBATE**

Get a \$200 rebate
when you install a
high-efficiency
natural gas furnace.

At Citizens Gas we know conserving energy not only saves you money, but it also benefits the environment. That's why we offer a variety of tools to help you conserve efficient, clean-burning natural gas in your home. For more energy saving tips visit www.CitizensEnergySavers.com



At Citizens Gas, safety comes first. That's why we urge everyone to have at least one working smoke alarm on each level of their home and to be very careful using space heaters.



A member of Citizens Energy Group

www.citizensgas.com

Let's Chat Campaign

- CitizensGasChat.com



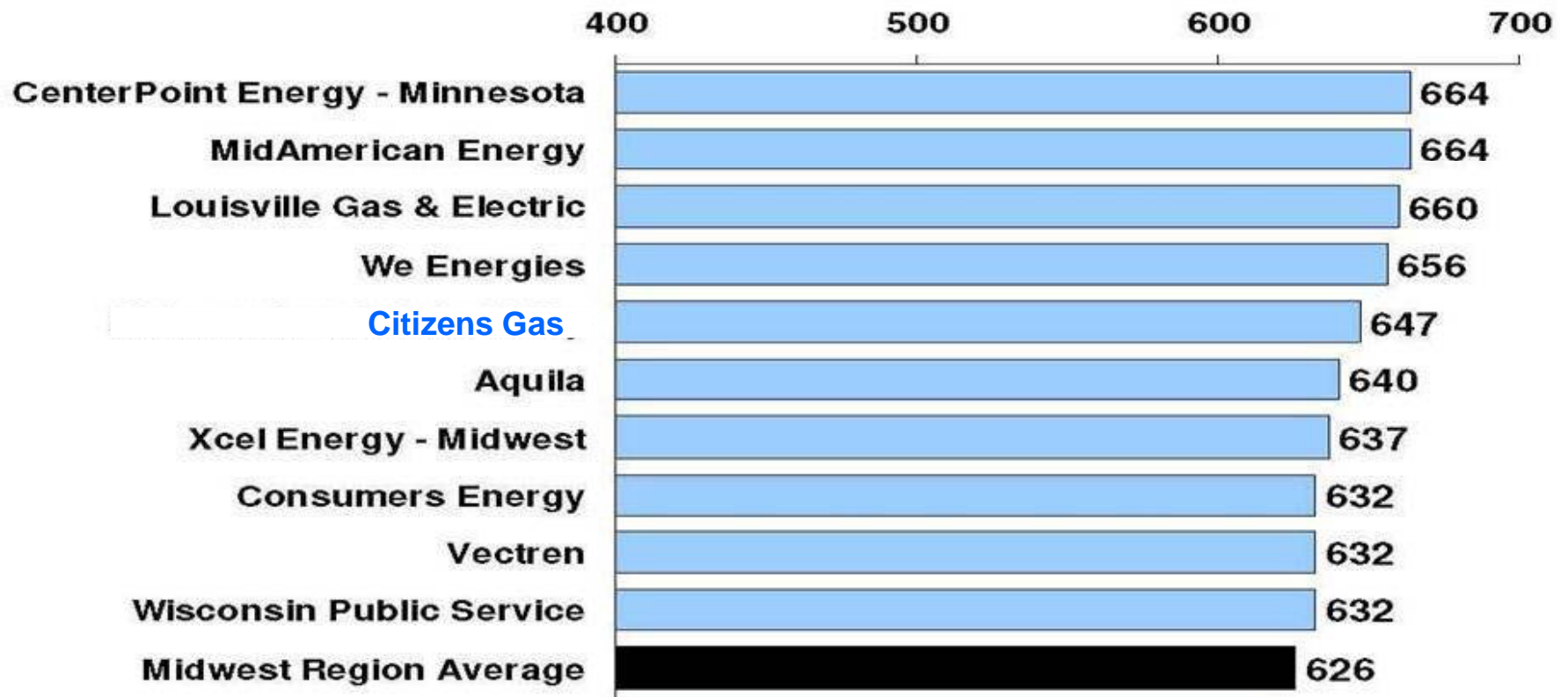
Home Heating Safety Awareness

- Home heating and energy assistance partnership with IFD, Concerned Clergy



Customer Satisfaction

2008 Gas Residential Customer Satisfaction Results, J.D. Power & Associates



Financing Measures

- **Auction Rate Bonds Fail**
- **Lines of Credit**
- **Commercial Paper Remarketing**
- **Gas Prepay**

Outlook – Price, Supply, Volatility

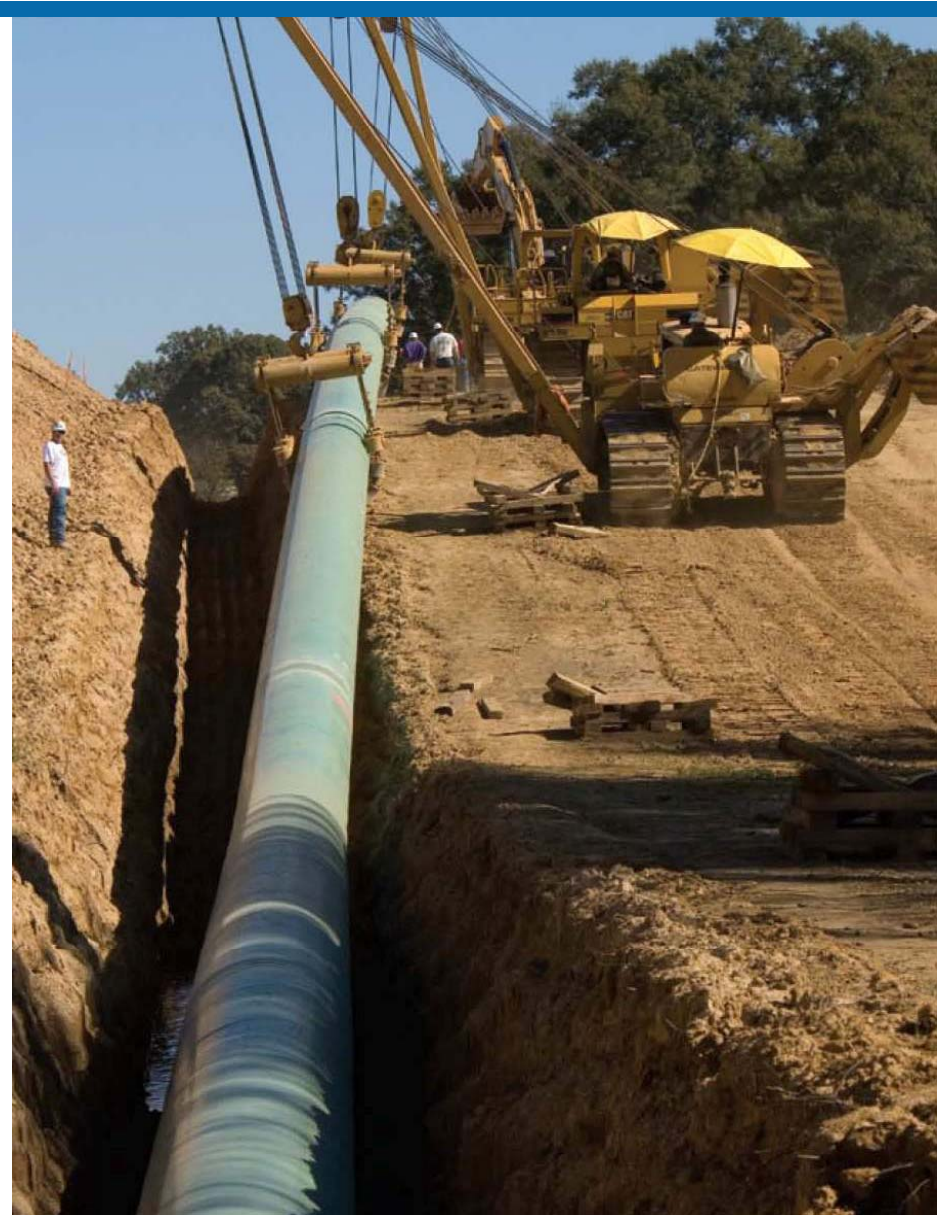
LaTona Prentice

Executive Director, Regulatory Affairs

Citizens Energy Group

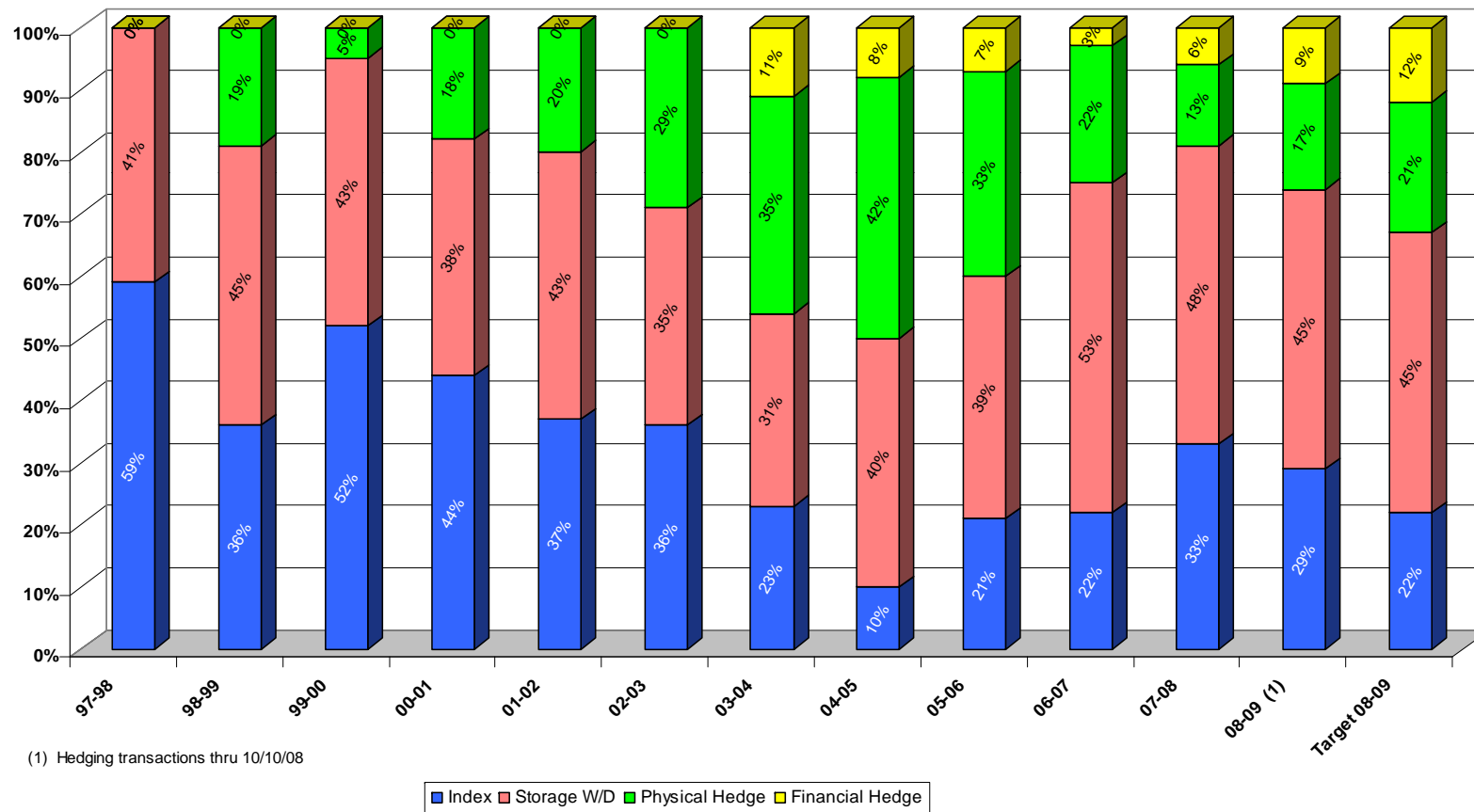
Securing Supply

- Diversifying Supply
- Heartland Pipeline
- Prepaid Gas
- Rockies Express

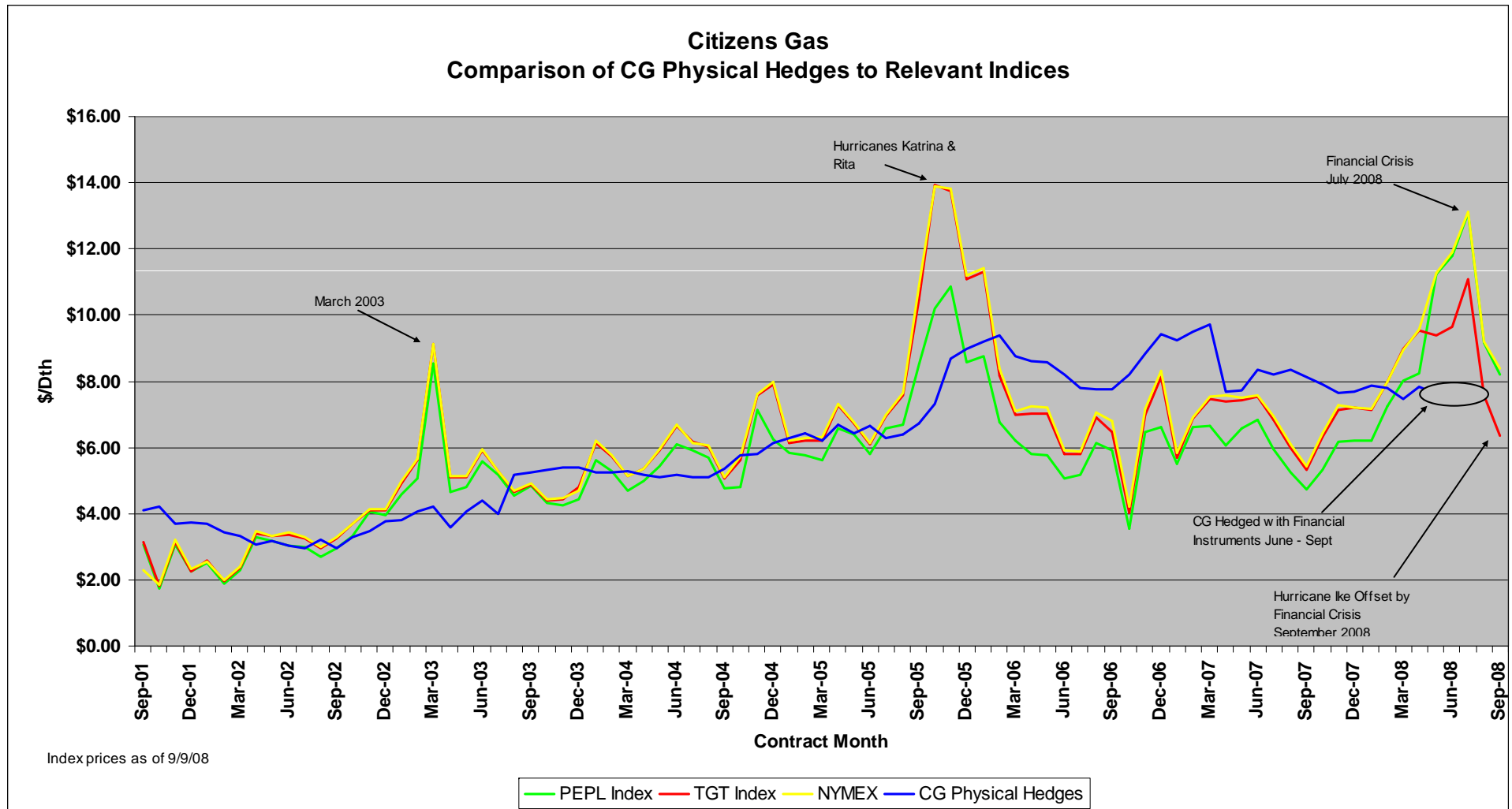


Price Volatility Mitigation

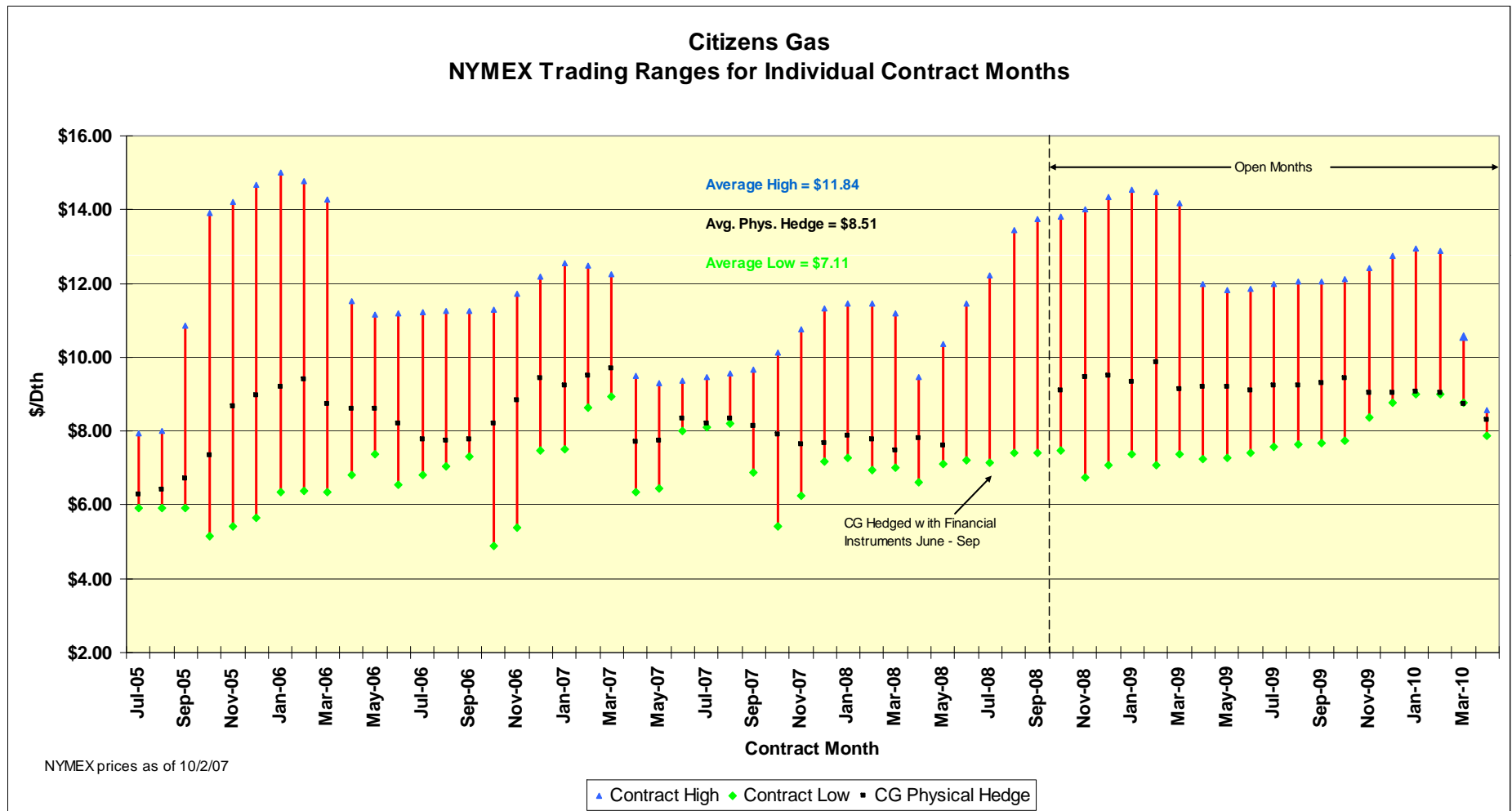
**Citizens Gas
Winter Sendout Supply Source
Annual Comparison**



Fixed Prices Vs. Indices

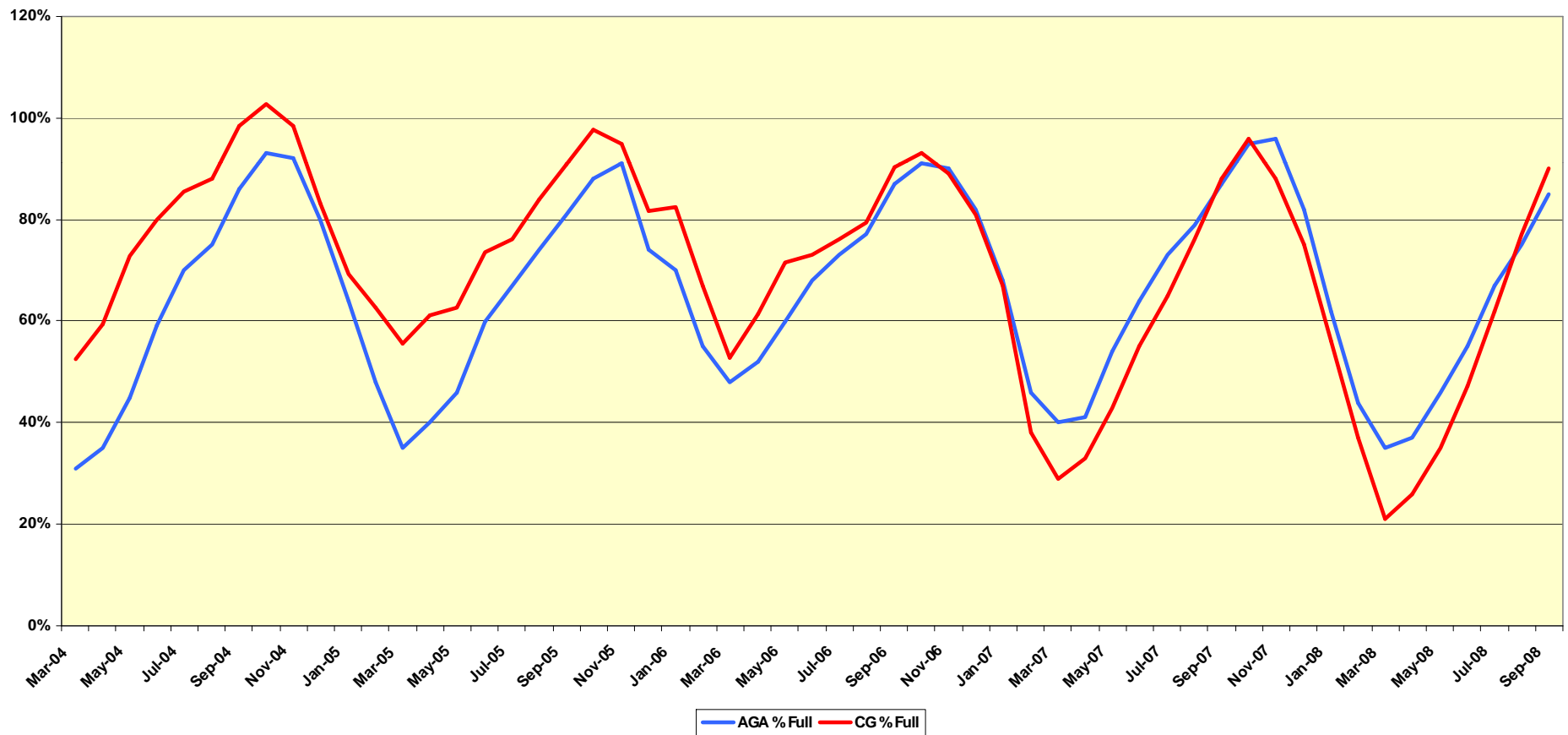


Price Volatility History



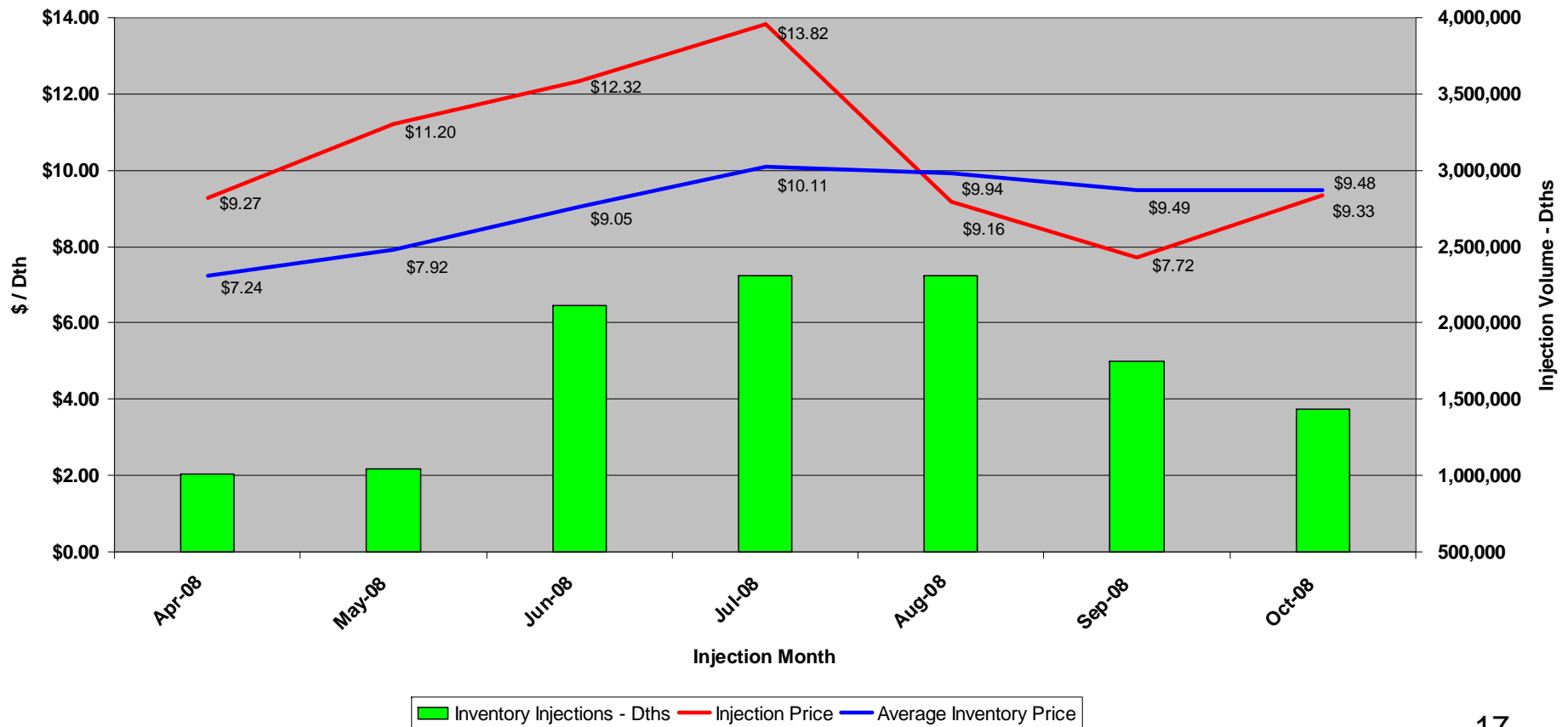
Storage is Ready

Citizens Gas
Comparison of CG vs. AGA/EIA Storage



Price Spike Impact on Inventory

Citizens Gas
Storage Injection Volumes, Injection Prices and Average Inventory Prices



Conclusion Questions